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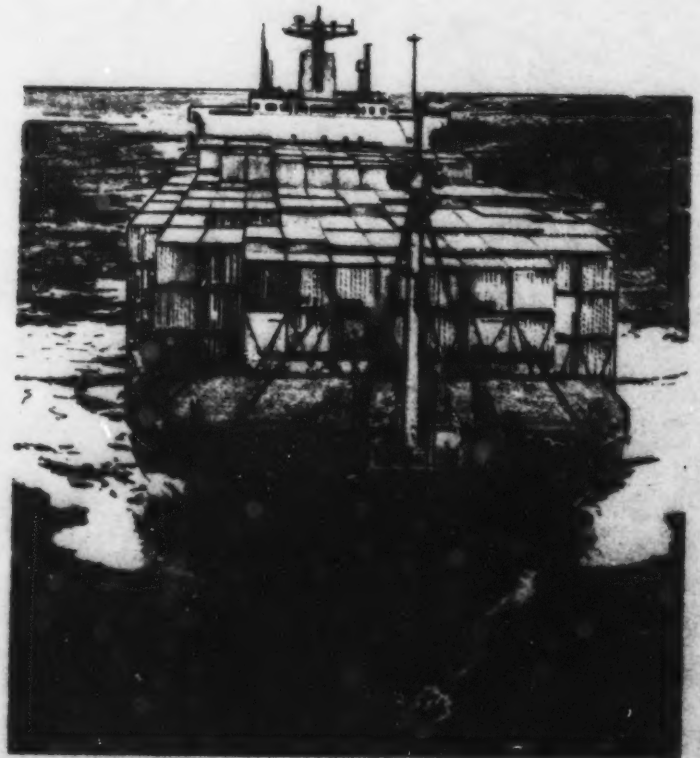
Port of Halifax

Halifax - Dartmouth Port Development Commission

Annual Report



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HALIFAX-DARTMOUTH

PORT DEVELOPMENT COMMISSION

ANNUAL REPORT

FOR THE FISCAL YEAR ENDING

MARCH 31, 1992

92-07867/

ANNUAL REPORT
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5. FINANCIAL STATEMENTS

1. CHAIRMAN'S MESSAGE

1991 was a year of recession and uncertainty for the Canadian transport sector. The Port of Halifax, in common with other east coast ports, felt the effects of the drop in world trade and the consequent moves by shipping companies to adjust their routes and services in their attempts to minimize the impacts of recession on their own operations.

Most categories of cargoes (container, general cargo and bulk) were down by varying degrees. Container traffic, in dollar terms, the most important segment of the port's business, was lower due both to the recession and the move away from Halifax by some of the lines formerly calling here. Some Asia-Pacific lines have discontinued their services to the eastern seaboard and now use west coast ports and trans-continental rail services to reach central and eastern markets. There has been some counterbalance by the initiation of a new Far East service calling Halifax via the Suez Canal. Continued volatility can be expected even as the economy recovers.

The growing popularity of the "Atlantic Frontier" (Eastern Canada and New England) cruise trade combined with the unrest in so many parts of the world, has seen the port benefit from an increase in cruise business. This is an area that the Commission will be addressing more in the coming year. If more direct air connections to U.S. cities can be obtained, the Port can become a significant intermediate origin/destination point. The Commission is contributing to the development of Halifax's air services by directly supporting the on-going initiative to move the International Airport from federal to local authority jurisdiction, with the consequent freedom to negotiate air services supportive of the commercial development of the region.

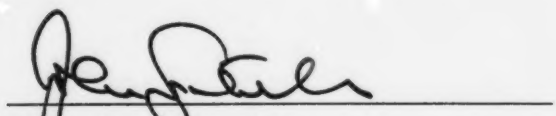
1. CHAIRMAN'S MESSAGE (Cont'd)

The Commission has continued to act to improve the quality and competitiveness of the rail services that are so essential to the life of the Port. Double stack container cars have come into service, with the financial support of the Province, enabling more cost competitive rail service to Central Canada. 1991 also who saw the launch of a comprehensive electronic data interchange (EDI) project which will create greater efficiencies and better service for Port users through the computer to computer exchange of business and cargo information.

Continued pressure is being maintained on the federal government to undertake a full examination of rail costs, pricing and competitiveness, in search for a solution to the disability Halifax suffers from having access to only one railway.

The Commission protested firmly against a proposed fee increase for pilotage; the National Transportation Agency has recently allowed the increase to go into force. This adds pressure to the growing movement for a full examination of the continued need for compulsory pilotage, and the Commission will be addressing this issue in the coming year.

In the fall of 1991, the Provincial government established a Task Force to examine the problems and issues facing the future of the Port of Halifax. The report of this task force is expected later in 1992, and the Commission looks forward to assisting in the implementation of its recommendations.



Mr. John Gratwick
Chairman

2. PORT PERFORMANCE REVIEW

Total cargo handled at the Port of Halifax declined in 1991 from 17.287 million tonnes (1990) to 14.892 tonnes. Decreases occured in bulk cargo of 11.5% and in general cargo of 20.5%.

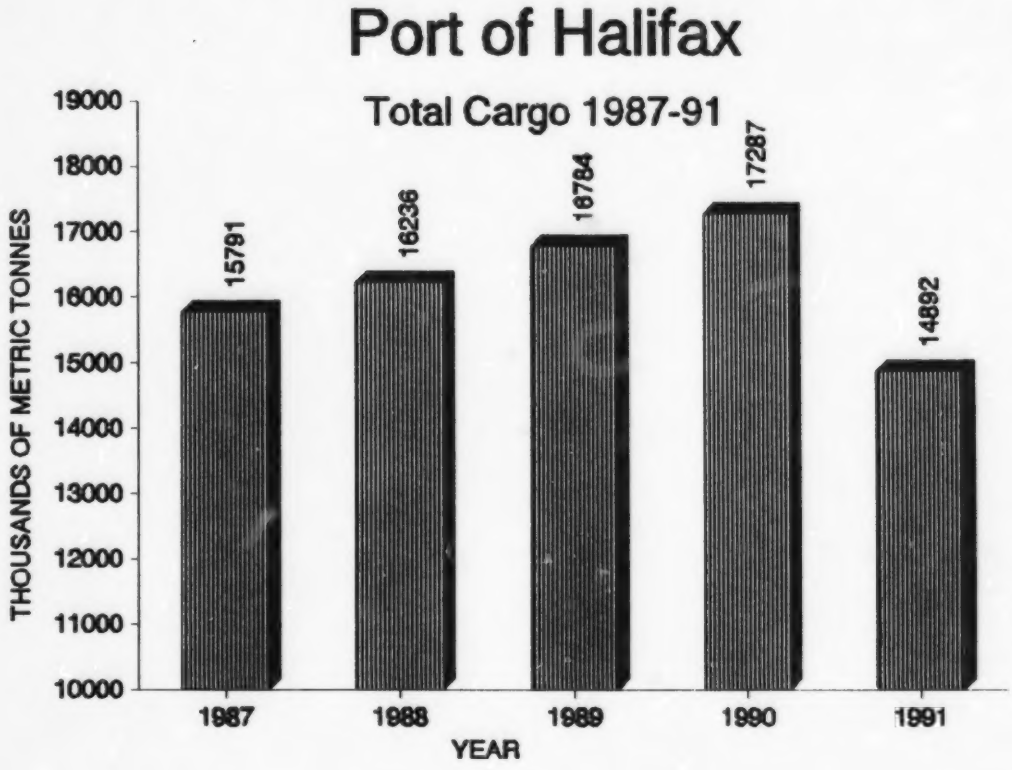


Figure 1

CARGO BY MAJOR CATEGORY

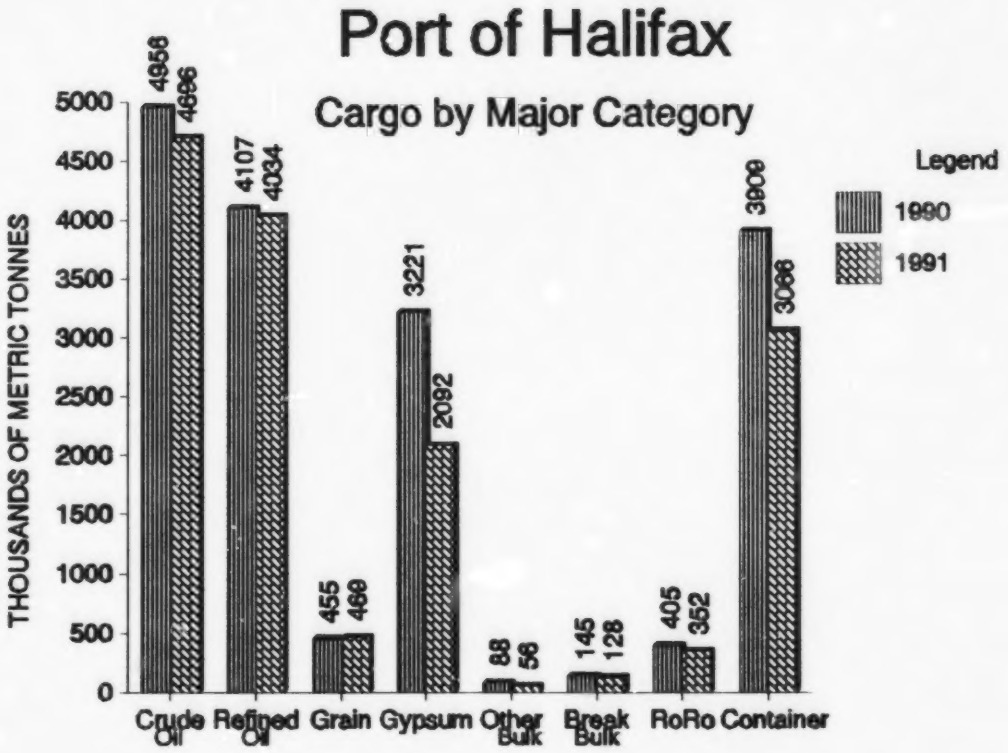


Figure 2

VESSEL CALLS

During 1991, the Port recorded 2054 vessel calls. Total gross registered tons (GRT) of vessels moving through the Port in 1991 was 35,816,000 compared to 39,946,000 in 1990.

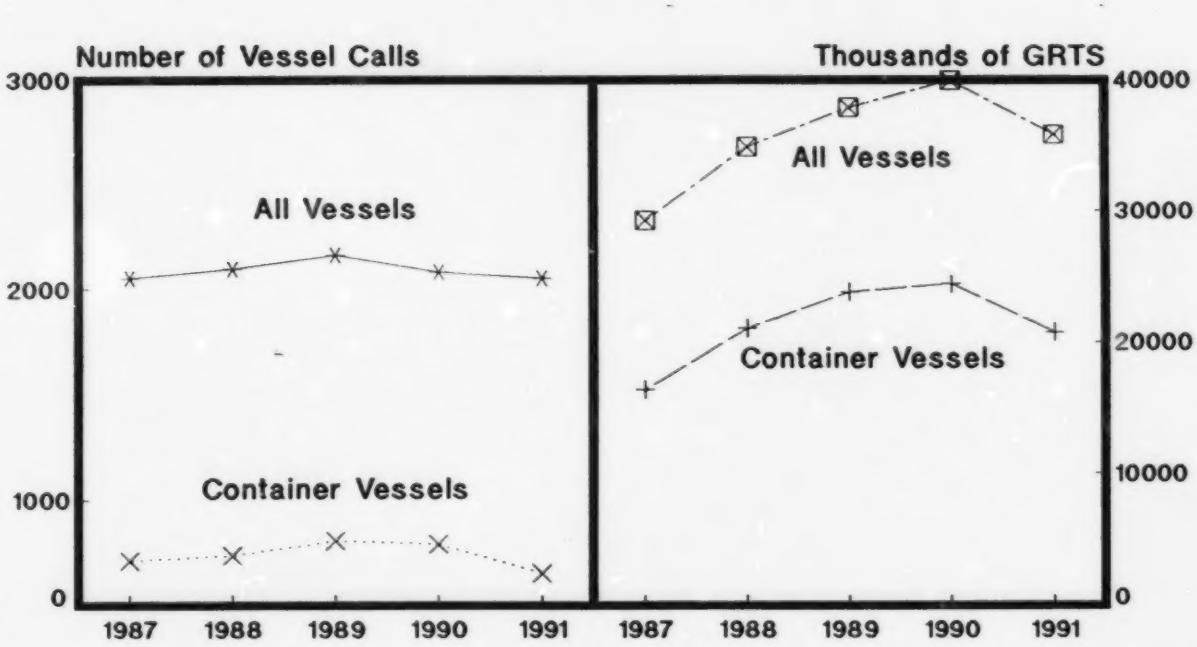


Figure 3

CONTAINER TRAFFIC

In 1991, the Port handled a lower volume of containerized cargo, totalling 3.066 million tonnes, representing a decrease compared to 1990. Exports decreased from 2.224 million tonnes to 1.829 million tonnes. Imports also decreased from 1.685 million tonnes in 1990 to 1.237 million tonnes in 1991.

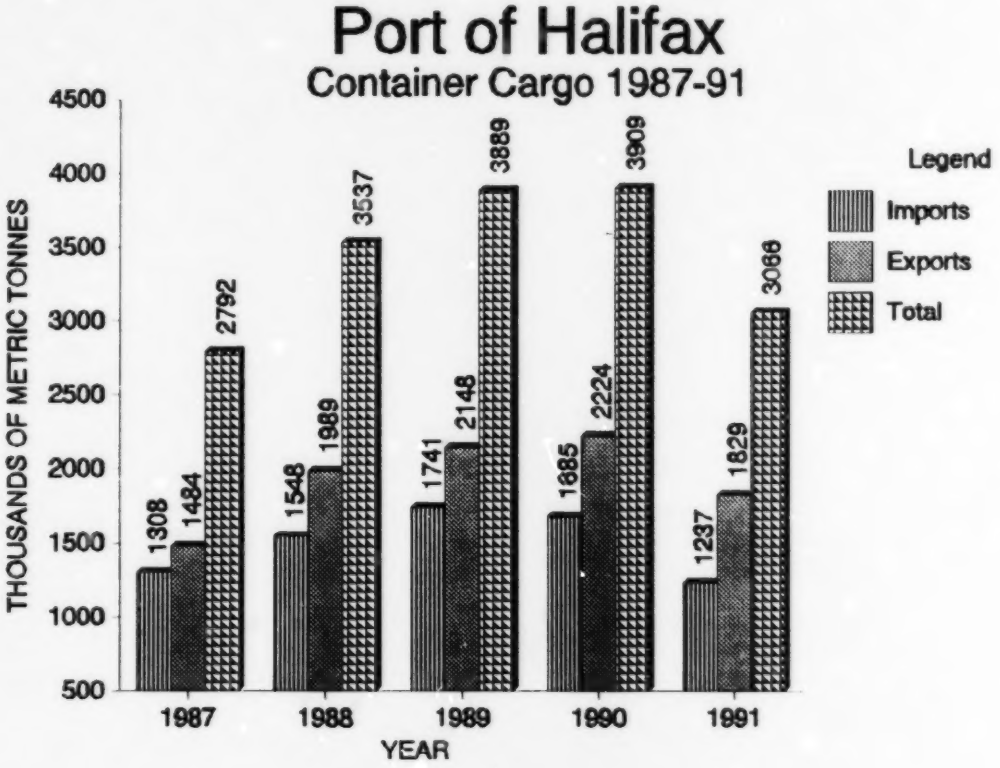


Figure 4

CONTAINER VOLUMES 1987-1991

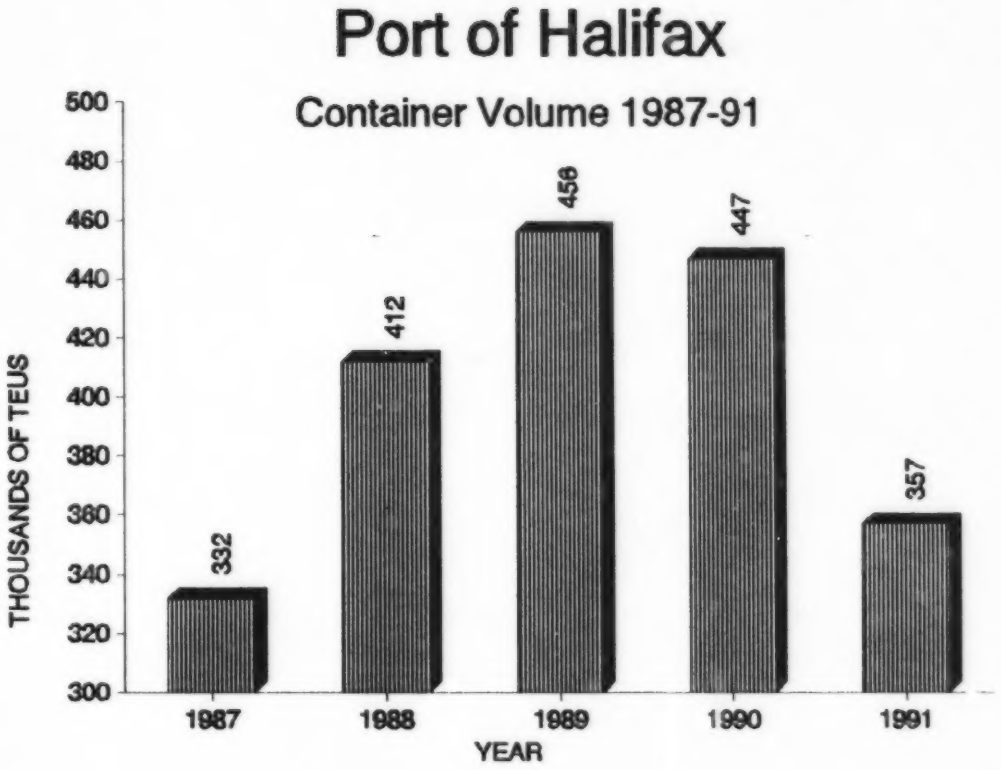


Figure 5

BREAK BULK CARGO

Break bulk cargo registered 127,700 tonnes in 1991, down by 12% compared to 1990.

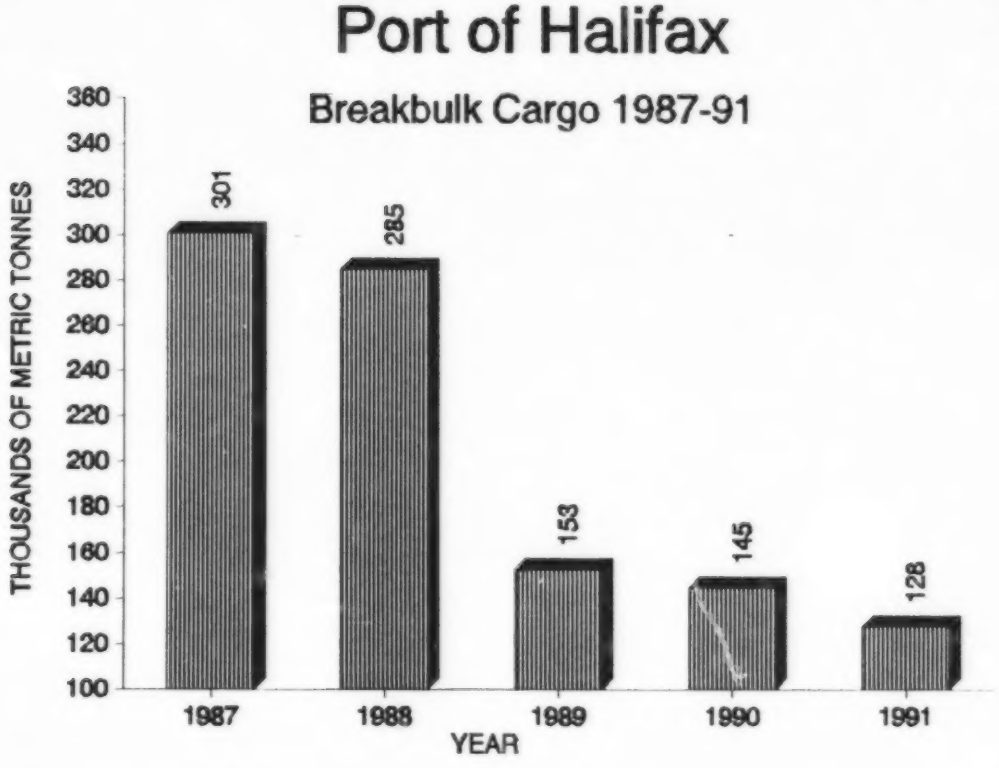


Figure 6

ROLL ON/ROLL OFF CARGO

Total roll on/roll off cargo decreased by 13% from 405,000 tonnes in 1990 to 351,900 in 1991.

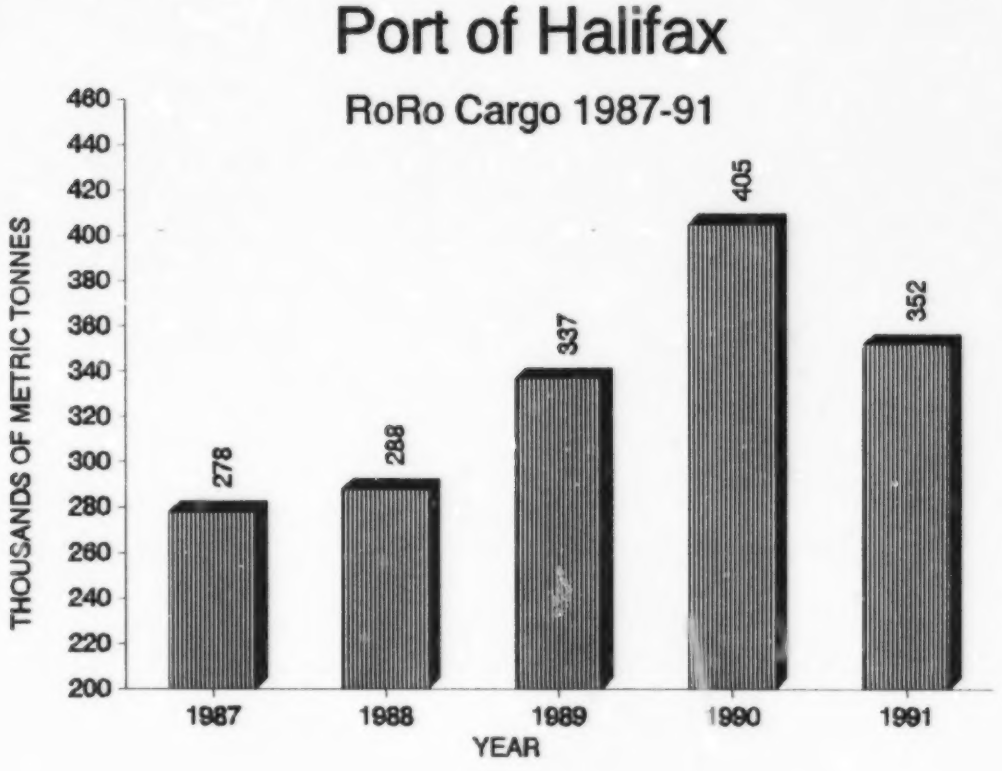


Figure 7

BULK CARGO

Total bulk cargo declined from 12.827 million tonnes in 1990 to 11.347 million tonnes in 1991.

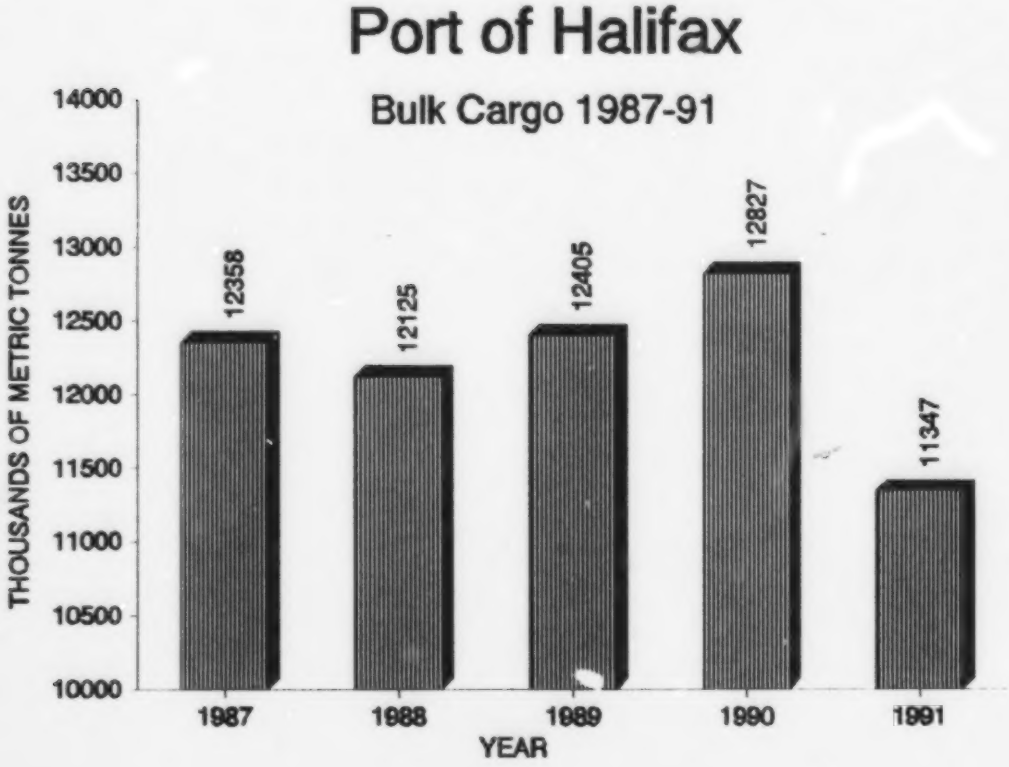


Figure 8

CRUISE SHIPS

The number of cruise ships which called at the Port during 1991 totalled 79, up from 33 calls in 1990.

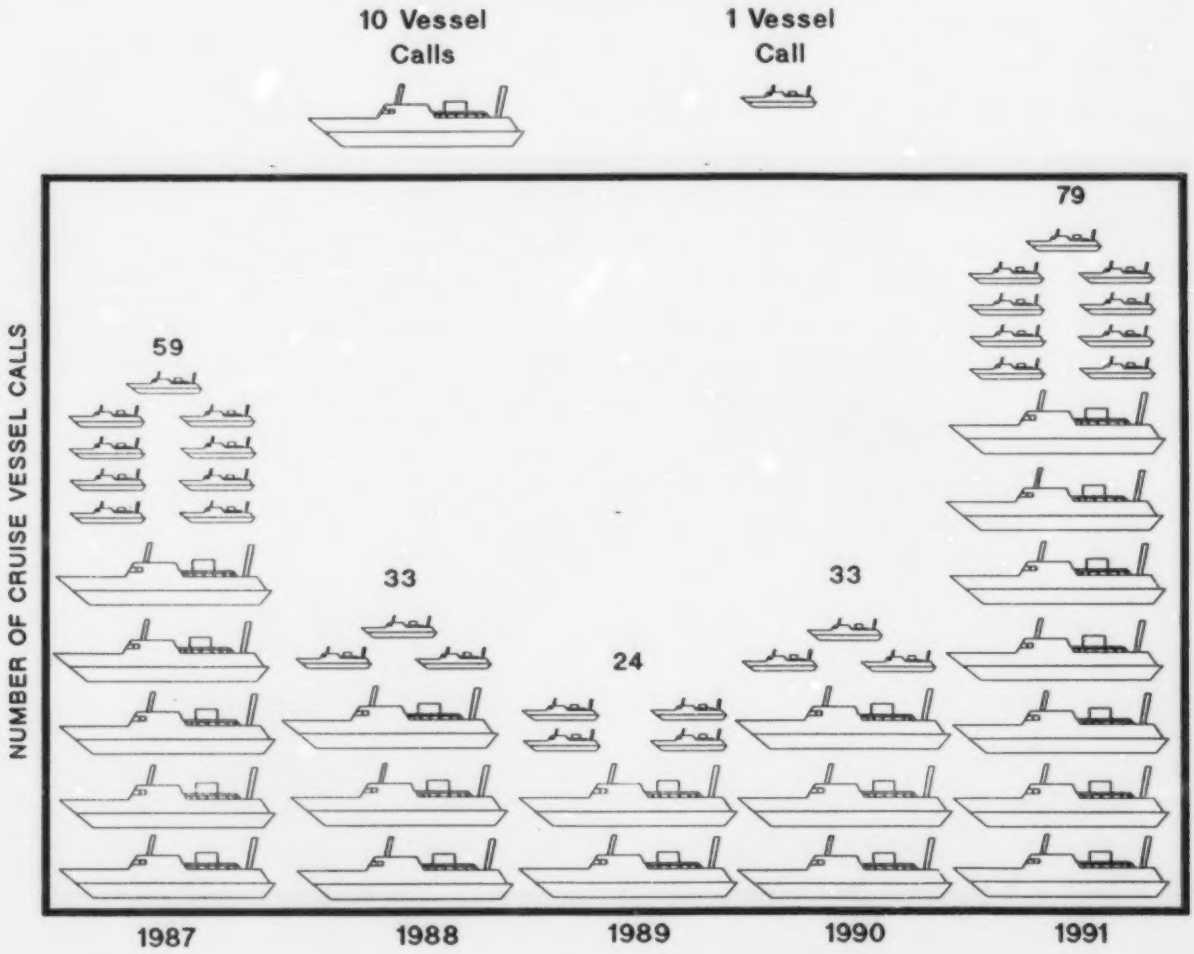


Figure 9

PORT INFRASTRUCTURE

Halterm Ltd., operator of Piers "B" and "C", took delivery of a fourth gantry crane, two transtainers and four yard tractors, in 1991, at a total cost of $13 million. The gantry crane will serve both Piers "B" and "C". A $1.2 million gantry rail installation, which was cost shared by Halterm and the Port Corporation, will allow the crane to travel between the piers.

Capital projects carried out in 1991 by the Port Corporation amounted to $1.68 million. These expenditures mainly related to the final re-development of Pier "B".

As a result of an agreement reached between the Province of Nova Scotia and CN Rail in September, 1991 common-user double stack train service was launched between the Port and Central Canada. The service began using leased cars while a fleet of 80 uniquely designed high capacity cars was under construction at Trenton Nova Scotia. The last of these cars is expected to be delivered by June of 1992.

A comprehensive electronic data interchange (EDI) project was launched at the Port in 1991. This system, involving the computer to computer exchange of business and cargo information, is the most advanced of its kind in Canada and one of the most comprehensive in North America.

3. THE COMMISSION

(A) OVERVIEW

The Halifax-Dartmouth Port Development Commission was incorporated under Chapter 6, Acts of 1984 by the General Assembly of Nova Scotia assented to by the Lieutenant Governor on the 11th June, 1984.

The Commission board is made up of twelve members all of whom are appointed by the Governor in Council and one of whom is appointed Chairman by the Governor in Council. Board members are nominated by the City of Halifax, City of Dartmouth, Town of Bedford, the Municipality of the County of Halifax and the Province of Nova Scotia. Funding of the Commission's activities is provided by the Province of Nova scotia, and the participating metropolitan area municipalities.

(B) PORT OF HALIFAX

i) means that geographic area encompassing all waters lying northwest of a line running between Tribune Head and Hartlen Point, including all islands and lands accessing waterfronts which are at the time this Act came into force used or which may after that time become used for commercial marine activities, and

ii) includes all marine, truck, rail and air transportation services and facilities contributing to or engaged in the movement, handling or storage of commercial goods in, on and through the seaports, highways, railroads and airports and all complementary and support services associated therewith.

3. THE COMMISSION (CONT'D)

(C) OBJECTS OF THE COMMISSION

The objects of the Commission are:

i) to promote the use of the Port of Halifax and its facilities;

ii) to operate in close liaison and collaboration with Halifax Port Corporation, all levels of government and government bodies, firms and individuals whose activities may in any way have a direct or indirect impact on the efficient functioning and cost effectiveness of the Port of Halifax;

iii) to provide advice and guidance as required to all bodies referred to in clause (ii);

iv) to develop and maintain a liaison and close working relationship with the users of the Port of Halifax facilities;

v) to develop current information on trends in the field of transportation including shipping lines, ports, trucking, rail and air rates and charges, and on factors affecting ports in general and the Port of Halifax in particular;

vi) to develop and maintain an information bank for data relating to the marketing of the Port of Halifax;

3. **THE COMMISSION** (Cont'd)

vii) to evaluate data and to develop ideas and proposals for the development of the Port of Halifax and for enhancing the competitive position of the Port of Halifax;

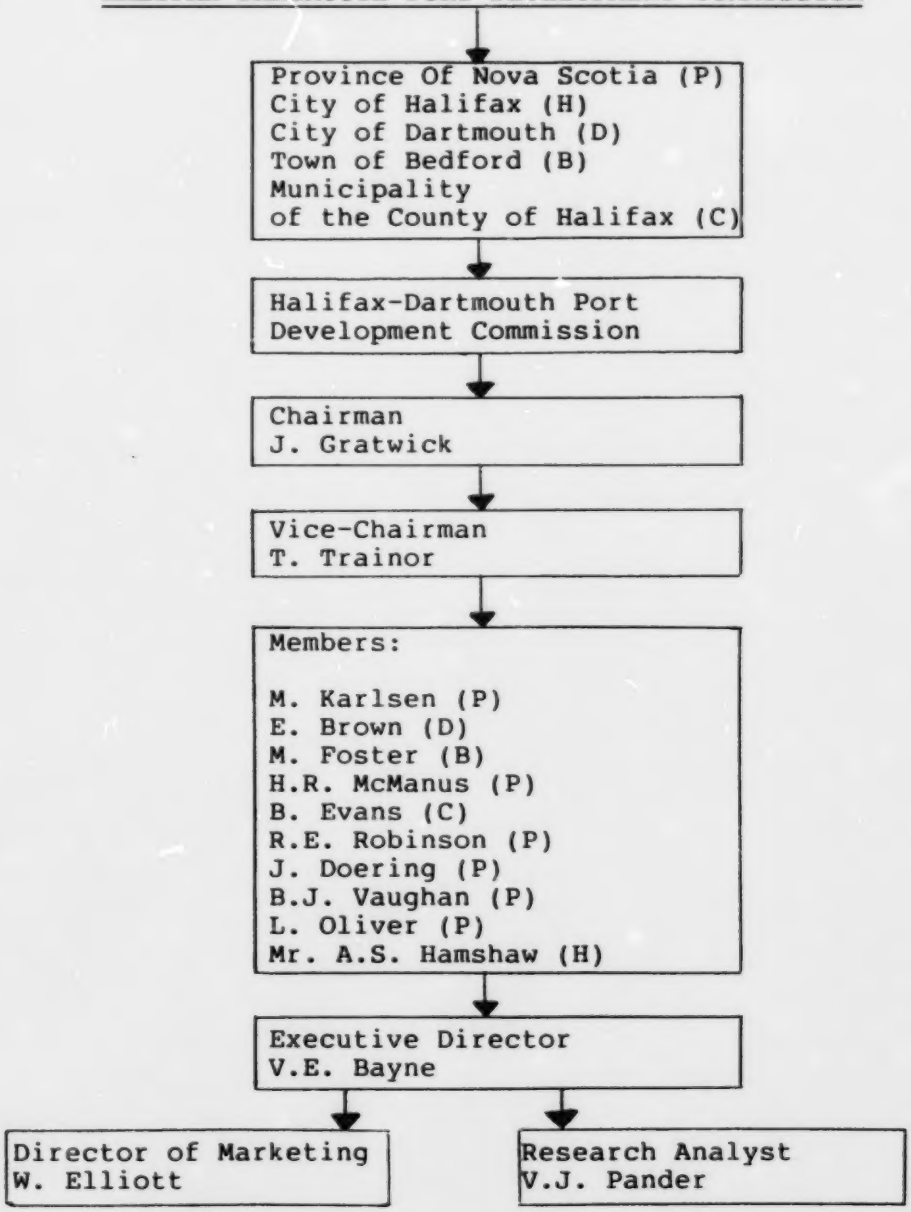
viii) to develop and maintain a current and long term marketing strategy and to execute such marketing programs;

ix) to promote and facilitate development programs for the Port of Halifax;

3. **THE COMMISSION** (Cont'd)

(C) ORGANIZATION CHART

HALIFAX-DARTMOUTH PORT DEVELOPMENT COMMISSION



3. **THE COMMISSION** (Cont'd)

(D) COMMITTEE STRUCTURE

The Commission has established three Standing Committees to divide its workload into meaningful parts:

i) **Management Committee**

The members of the Committee are: B. Evans, Chairman; and R.E. Robinson. The Committee works with the Executive Director in preparing budgets and reviewing financial statements, as well as developing recommendations on personnel and general administration policies.

ii) **Development Committee**

The members of this Committee are: H. McManus, Chairman; E. Brown, B.J. Vaughan and J. Doering. The Committee works on the development of policies and programs that will protect and improve the infrastructure of the Port and its operations.

3. **THE COMMISSION** (Cont'd)

iii) **Promotion and Marketing Committee**

The members of this Committee are: M. Karlsen, Chairman; T. Trainor and M. Foster. The Committee works on the development of policies and programs that will effectively promote and market the facilities of the Port.

iv) The above Standing Committees meet when necessary and bring recommendations to the Board of the Commission. The Commission has at least ten regular meetings a year.

4. THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS

(A) MARKETING

The Commission carries out a wide range of promotional and research activities in fullfilling its mandate. Some of these activities are listed below:

1) Direct solicitation of shipping lines and steamship agents in Montreal, Toronto, New York, Europe and the Far East: This involves calls on senior representatives of both existing and potential Port customers to detail the advantages of the Port of Halifax. Marketing the Port as a highly competitive gateway for container traffic is a primary thrust of the Commission's strategy because of the significant economic impact generated by this portion of Port traffic. Between 1985 and 1990 container traffic at the port doubled. In 1991 container cargo declined as a result of the recession in the Canadian economy and an increasingly competitive environment caused by overcapacity in the liner shipping industry. These problems are projected to continue through 1992.

4. **THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS** (Cont'd)

2) Publication of the PORT OF HALIFAX magazine which is distributed monthly to 5,000 local, national and international readers in the transportation and trade sectors.

3) Organization of Halifax Port Days which is attended by over 700 local, national and international representatives of the transportation industry.

4) The Commission hosts a spring promotional reception in Toronto for shipping lines, steamship agents and shippers in the Toronto region.

5) In December, the Commission hosts a luncheon reception in New York for key North American shipping line executives.

6) The Commission also hosts receptions aboard the Bluenose II.

7) Publication of a Directory of facilities at the Port of Halifax every three years which is distributed worldwide to transportation companies.

4. THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS (Cont'd)

(D) PRESENTATION OF VIEWS ON VARIOUS LEGISLATIVE/POLICY ISSUES

1) Our support was given to the container terminals operated by Ceres Corporation and Halterm Limited in their appeal to the City of Halifax for tax relief in 1991. The appeal was successful, and tax relief was subsequently granted by the city.

2) An objection was filed with the National Transportation Agency regarding a tariff proposal by the Atlantic Pilotage Authority which would raise pilotage rates at the Port of Halifax and increase the cross-subsidization burden carried by the Port for losses incurred at other ports. The tariff increase was subsequently allowed by the Agency, and we have since appealed the Decision to the Minister of Transport.

3) Submission to the National Transportation Agency of Canada (NTA) on the fourth annual review of the National Transportation Act, focusing on the stricter regulatory conditions for Canadian transportation modes vs American modes, which have hampered their ability to compete in a deregulated environment. Comments were also provided to the NTA on their five year review on railway inter-switching regulations, which have not benefited the Port of Halifax.

4. **THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS** (Cont'd)

4) The Commission met with members of the Maritime Employers Association in an attempt to change their labour administration policies to allow more local autonomy at individual ports. In particular, the Commission has objected to such MEA practices as the cross-subsidization of Saint John's administration costs and pension and welfare fund by Halifax, as well as the excessive head office overhead contribution made by Halifax. Cargo incentive offerings to port customers were also discussed.

5) Initial meetings were convened with interested parties in industry to set up a Canada/Europe Transport and Trade Forum. The Forum would focus on developing trade between Canada and Europe, particularly in the Atlantic region, while at the same time promoting the Port of Halifax as an international transportation gateway.

6) The Commission participated in a regional meeting held by Canada Ports Corporation on their study, Towards a Canadian Intermodal System: Recommendations for Change. Input from the regional meetings will be consolidated to provide the basis for an action report to the federal government.

7) A submission was made to the National Rail Network Study organized by federal and provincial Ministers of Transport. Our brief focused on the inadequacy of the National Transportation Act to encourage intra-rail competition for Halifax. We expressed our support for the concept of a common user right of way comparable to other modes of transport.

4. THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS (Cont'd)

8) An objection was filed with the National Transportation Agency on an agreement by the Napierville Junction Railway to convey by lease to Canadian Pacific (through its subsidiary Atlantic & North West Railway Company) a line between Delson, Quebec and the International Border. This line was seen as critical to Canadian Pacific's plans (through its purchase of the Delaware & Hudson Railway) to solicit Canadian overseas import/ export container traffic via U.S. east coast ports. The subsequent NTA decision allowed the agreement to proceed.

9) The Commission initiated a series of discussions on the subject of double stack rail car service, which resulted in an agreement between the Province of Nova Scotia and CN for the provision of double stack rail cars and the implementation of service in August of 1991.

10) A request was made to the Minister of Transport to direct the National Transportation Agency to conduct an inquiry into the underlying costs, rate structure and productivity of container rail service between the Port of Halifax and Montreal/Toronto.

11) In an effort to keep port costs low, the Commission has been encouraging a joint cooperative effort of all port stakeholders. In 1991, the Halifax Port Corporation, the Province of Nova Scotia, CN Rail, the City of Halifax, and both terminal operators Ceres and Halterm have collaborated in this effort.

12) The Commission appeared before the Regan Task Force on the future of the Port of Halifax. The Task Force was commissioned by the Premier of Nova Scotia and is mandated to "concentrate its efforts on finding ways to improve the competitive position of Halifax as an international intermodal distribution centre." The report is expected in 1992.

(C) RESEARCH ACTIVITIES

The Commission conducts a variety of statistical (trade and transportation) research to enable it to monitor and initiate action on various port related promotional and operational matters, and for the use of existing and potential port clients. In 1991, an economic impact study was completed, which determined the impact of the Port of Halifax on the area in terms of number of jobs and amount of expenditures.

(D) OTHER ACTIVITIES

The Commission plays an active role as a member of a variety of trade and transport oriented organizations, including: Halifax Board of Trade, Halifax Shipping Association, EDIPORT Atlantic Inc., Voluntary Planning Committee, Trade Development Authority, Airport Advisory Committee, Advisory Board on Marine Transportation R&D, Canadian Transportation Research Forum, Transportation Association of Canada, International Cargo Handling Coordination Association, Oceans Institute of Canada and the Transportation Club of Halifax-Dartmouth.